12/4/87 S6615-2

NOVEMBER 1987

OREGON LABOR TRENDS

OCTOBER INDICATORS

UNEMPLOYMENT RATE

Oregon		*(Seas. Adj)*
Oct.	1987	6.4
Sept.	1987	6.3
Oct.	1986	8.2
U.S.		
Oct.	1987	6.0
Sept.	1987	5.9
Oct.	1986	6.9

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	*1977=100*	
Oct.	1987	117.7
Sept.	1987	117.3
Aug.	1987	117.3
July	1987	117.7
June	1987	116.8

DIFFUSION INDEX

Oregon		
Oct.	1987	50.8
Sept.	1987	55.4
Aug.	1987	60.9
July	1987	64.7
June	1987	64.7

PRODUCTION WORKER AVERAGE HOURLY EARNINGS

Oregon		
Sept.	1987	$10.66
Aug.	1987	$10.41
Sept.	1986	$10.38

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland-Vancouver	
July 1987	321.6
Yearly change	1.6%
Annual Average 1986	316.8
Yearly change	1.4%
U.S.	
Oct. 1987	345.3
Yearly change	4.5%
Annual Average 1986	328.4
Yearly change	1.9%

Portland Hotline 221-4132

Stocks Crash...Amidst Robust Economy

Linda Burgin

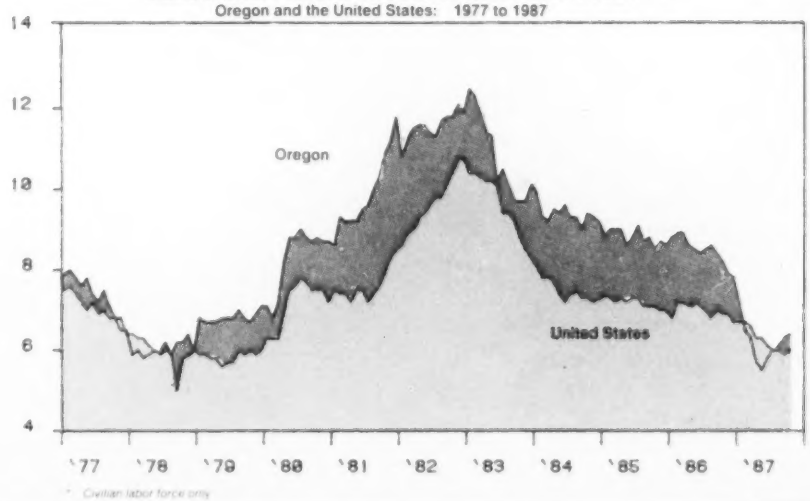
The October 19th stock market crash was the headline news for the month of October. Various analyses have been written. Forecasts run from dire, doomsday predictions to unbridled optimism.

According to the Wharton Econometric Forecasting Associates' (WEFA) October Executive Summary of the U.S. Outlook, "The crash in the stock market is a deflationary shock to the United States and the world economy which will lower real growth in 1988, but also reduce inflation. Lessened upward pressure on interest rates should reduce the severity of the economic slowdown expected for late 1989." While the risk of near-term recession has clearly increased, it did not yet appear to be high enough to warrant inclusion in their baseline forecast. As a result, WEFA has an optimistic view of the future, forecasting unemployment averages of 6.2% in 1987, 6.1% in 1988, and 6.8% in 1990. Consumer price inflation forecasts are averages of 3.7% in 1987, 4.2% in 1988, 4.8% in 1989, and 4.4% in 1990.

How should consumers, businesses, and the Federal Reserve react to the crash to head off a possible recession? The WEFA Summary suggests, "The magnitude of the drop in consumer spending and business investment in response to the stock market crash, combined with the willingness of the Fed to ease monetary policy, will ultimately determine how well the United States weathers this storm."

According to a recent Marple's Business Newsletter, shares of Pacific Northwest companies that are traded over the counter fell farther than listed issues in the stock crash, and they will probably take longer to recover. These are companies that primarily depend on individual rather than institutional investors for equity capital. The Newsletter predicts that "small companies that need capital for growth will have to look elsewhere and will find that capital more dear. When the market revives, they will probably get less for their shares than in the past."

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
Oregon and the United States: 1977 to 1987



* Civilian labor force only

I asked Michael Moffett, Professor of Economics at Oregon State University, if he thinks optimism is justified. According to Moffett, the stock market crash replaced inflationary fears with recessionary fears. But it has also changed economic conditions in some positive ways. The rapid response by the Fed created a fall in interest rates. It also caused the dollar to fall significantly, which should eventually do good things for our trade deficit. "We are hoping that possibly continued investment spending (because of lower interest rates) and reduction in imports will offset a decrease in spending by consumers and will take the momentum out of recessionary fears and may in fact head off a recession."

"The magnitude of the drop in consumer spending and business investment..., combined with the willingness of the FED to ease monetary policy, will ultimately determine how well the United States weathers this storm".

The crash also scared consumers. Since two-thirds of our economy is based on consumer spending, what consumers spend is very important. (Of course, if they are not spending, they will be saving more, and this could help investment.) Moffett would like for consumers to show caution in the levels of debt that they acquire.

Moffet says, "Economists have three main economic indicators that they like to worry about: the unemployment rate, the inflation rate, and real GNP growth. The national unemployment rate (seasonally adjusted) is the lowest it's been since 1979. The 4% inflation rate is also low. Projected GNP growth for the third quarter of 1987 was 3.8%. It is evident from these indicators that we have a healthy economy, in spite of the trillion dollar loss of paper wealth."

Meanwhile, business is booming in Oregon! The Employment Division's Current Employment Survey of employers was collected for the week of October 12th (the week before the crash), and most of the data reported here will be based on the results of that survey.

Wage and salary empioyment set a new record for the fourth time this year. The October payroll job count was 1,120,400, up 5,300 jobs from September, and 38,000 higher than a year ago.

October's seasonally adjusted Oregon and national unemployment rates both crept up by one-tenth from the September rates. Oregon's unemployment rate was 6.4%; the national unemployment rate was 6.0%.

Since weather conditions were probably responsible for Oregon's increased unemployment rate, it is apparent that the slight increase is not a cause for concern. Two industries were particularly affected by the weather: food canning and processing, and logging.

Oregon employment in food canning and preserving was lower than seasonal expectations simply because much of the processing had already taken place. Warm weather conditions caused many crops to be harvested and processed at least a month ahead of normal.

Logging employment plunged again as the threat and reality of forest fires restricted cutting. For the second consecutive month, logging employment was at its lowest record for this time of year. Fortunately, by the end of October, the Rockhouse Creek fire near Dallas and the Silver fire in Southern Oregon were both controlled. The current mild weather combined with moderate rainfall will likely create excellent logging conditions and abnormally high November employment.

According to Marple's Business Newsletter, log shortages and stronger than expected export demand have driven up prices of logs, paper and related products. The higner prices converged with strong production to push profits sharply higher in the forest products industry in the third quarter. In reporting strong results, several companies credited the combination of booming export markets and improved mill efficiencies, as well as higher prices.

Lumber, plywood, and other building materials also made strong contributions to the industry's robust quarter. Lumber companies are reporting increased demand and prices for export logs and lumber resulting from the boom in new housing and other construction in Japan.

Regarding the paper side of the business, pulp prices are at all-time highs worldwide. Forest companies expect profits in pulp and paper to rise during the balance of 1987 and 1988 given continued modest growth in the economy.

Nonmanufacturing employment showed overwhelming strength. With the exception of transportation (where logging reductions resulted in trucking cutbacks), all major industries performed better than expected for this time of year. There were 914,900 total nonmanufacturing jobs, up 11,100 from September, and up 34,100 jobs from October 1986. Public and private education added 18,300 jobs, returning to school year levels. Most nonmanufacturing industries were higher in October 1987 than a year ago. (See the Oregon Nonmanufacturing Employment graph.)

Services added 2,500 jobs when it would have been more normal for services to lose 800 jobs. Several service industries had the highest October on record. These included hotels, amusements and recreation, educational services, agricultural services, professional, scientific and art services, other personal services, and business services. (Business services would normally go down by 300 jobs, but there was an increase of 400 jobs instead.) Three industries--automotive repair and other repair services, hospitals, and other health services had the highest employment on record for any month since 1972. The normal seasonal pattern calls for health services employment to fall by 700 jobs, but it went up by 500 jobs instead.)

Employment statistics for the week of October 12th show that heavy construction employment declined by only 100. This was a small drop compared with the last five years when heavy construction has declined anywhere from 200 to 800 between September and October.

It is interesting to note that construction contract figures compiled by the F.W. Dodge Division of McGraw-Hill (through September) ranks Oregon as the hot construction market in the Pacific Northwest in 1987. Contract volume in Oregon runs 17% higher than in 1986. (Washington volume is down 2% from a year ago, Idaho is down 10%, and volume in Montana is unchanged.

In October, the stock market crash made a soft sound compared to the boom of economic activity. Oregonians were too busy working to worry about a paper crash on Wall Street.

Looking ahead to the next two months, there will be a surge in holiday seasonal retail employment that approximates the 1986 levels. This should create about 6,500 jobs in retail trade, and 550 jobs in timber tracts (Christmas trees.) Actual volume of retail sales, however, may be affected if consumer confidence has been shaken by recent turmoil in the stock markets. Another 900 jobs should be created in employment agencies and temporary help services.

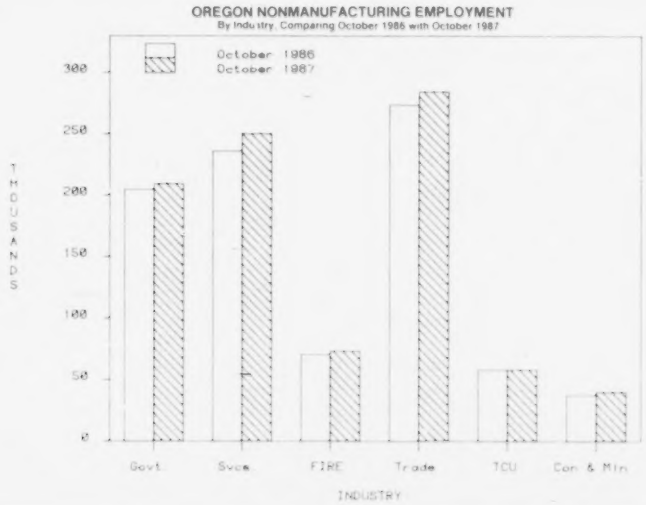
Oregon's unemployment rate is down nearly two percentage points from last October's 8.2%, while nonfarm wage and salary employment is up about 3.5%.

October leaves us with the feeling of economic prosperity but with an impending dark storm cloud (maybe a tornado?) on the horizon. In a way it is as though we are in the first part of a Hitchcock thriller when everything looks wonderfully normal and bright, yet we have uneasy anticipation of what may come.

Since any negative economic responses to the crash will probably be slow in coming, we are given the opportunity to enjoy our prosperity. "The only thing we have to fear is fear itself." (FDR) "Wait and see." (What the doctors like to say.) "Watch and pray." (Jesus Christ before his betrayal.)

After all, the stock market is only a barometer, not a maker of economic trends. It is a secondary market, not directly related to economic activity. This may be a high before the storm, but then, the storm may pass us by. Instead of a tornado, we may just get a little rain.

In October, the stock market crash made a soft sound compared to the boom of economic activity. Oregonians were too busy working to worry much about a paper crash on Wall Street. □



ARE YOU A DIFFUSION INDEX USER?

If so, we would like to hear from you. Employment Division research staff will soon be reviewing our diffusion index including its composition, method of construction, and overall utility. We are particularly interested in knowing more about who currently uses the diffusion index and for what purpose. If you would like to assist us in this review process, please contact Jeff Hannum at 1-800-237-3710, EXT. 8-2736 (toll free).

RESIDENT OREGON LABOR FORCE

	OCT.[1] 1987	SEPT.[2] 1987	CHANGE	%CHANGE	OCT.[5] 1986
CIVILIAN LABOR FORCE[3]	1,375,300	1,365,500	9,800	0.7	1,367,100
UNEMPLOYMENT	76,800	73,700	3,100	4.2	98,200
PERCENT OF LABOR FORCE	5.6	5.4	XXX	XXX	7.2
SEASONALLY ADJUSTED PERCENT	6.4	6.3	XXX	XXX	8.2
TOTAL EMPLOYMENT[4]	1,298,500	1,291,800	6,700	0.5	1,268,900

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, farm workers, and labor disputants. 5/ Due to revised estimating procedures between December 1986 and January 1987, data for 1987 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT (BY PLACE OF WORK)

INDUSTRY	OCT.[1] 1987	SEPT.[2] 1987	OCT. 1986	CHANGE FROM SEPT. 1987	CHANGE FROM OCT. 1986
TOTAL[3]	1,120,400	1,115,100	1,082,400	5,300	38,000
WAGE & SALARY EMPLOYMENT INDEX[4]	117.7	117.3	113.7	XXX	XXX
DIFFUSION INDEX[5]	50.8	55.4	50.4	XXX	XXX
TOTAL MANUFACTURING	205,500	211,300	201,600	-5,800	3,900
DURABLE GOODS	146,700	149,600	142,800	-2,900	3,900
LUMBER & WOOD PRODUCTS	65,800	68,200	65,400	-2,400	400
LOGGING & SAWMILLS	33,200	35,000	34,100	-1,800	-900
VENEER & PLYWOOD	17,600	17,700	17,000	-100	600
MILLWORK & STRUCTURAL WOOD	9,600	10,100	9,400	-500	200
MOBILE HOMES	1,600	1,600	1,300	0	300
OTHER WOOD PRODUCTS	3,800	3,800	3,600	0	200
FURNITURE AND FIXTURES	2,500	2,400	2,700	100	-200
STONE, CLAY, GLASS & CONCRETE	3,600	3,600	3,300	0	300
PRIMARY METALS	9,400	9,400	8,300	0	1,100
BLAST FURNACES, IRON & STEEL	5,600	5,600	5,100	0	500
NONFERROUS METALS	3,800	3,800	3,200	0	600
FABRICATED METALS	10,900	11,100	10,400	-200	500
FABRICATED STRUCTURAL METALS	4,800	4,900	4,400	-100	400
OTHER FABRICATED METALS	6,100	6,200	6,000	-100	100
MACHINERY	15,300	15,200	14,500	100	800
ELECTRICAL EQUIPMENT & SUPPLIES	13,600	13,600	13,000	0	600
TRANSPORTATION EQUIPMENT	10,400	10,900	10,600	-500	-200
INSTRUMENTS & RELATED PRODUCTS	12,000	12,000	12,100	0	-100
MISCELLANEOUS MANUFACTURING	3,200	3,200	2,500	0	700
NONDURABLE GOODS	58,800	61,700	58,800	-2,900	0
FOOD & KINDRED PRODUCTS	26,400	29,400	28,200	-3,000	-1,800
CANNING & PRESERVING	15,500	18,700	17,200	-3,200	-1,700
OTHER FOOD PRODUCTS	10,900	10,700	11,000	200	-100
TEXTILE MILL PRODUCTS	1,700	1,700	1,400	0	300
APPAREL	2,400	2,300	2,300	100	100
PAPER & ALLIED PRODUCTS	8,800	9,000	8,800	-200	0
PRINTING & PUBLISHING	12,600	12,400	11,800	200	800
CHEMICALS & ALLIED PRODUCTS	2,100	2,100	2,100	0	0
PETROLEUM REFINING	500	500	400	0	100
RUBBER & PLASTIC PRODUCTS	3,900	3,800	3,400	100	500
LEATHER PRODUCTS	400	500	400	-100	0
TOTAL NONMANUFACTURING	914,900	903,800	880,800	11,100	34,100
MINING & QUARRYING	1,400	1,500	1,500	-100	-100
CONSTRUCTION	38,500	39,500	36,000	-1,000	2,500
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	57,900	58,500	58,000	-600	-100
TRANSPORTATION	37,000	37,300	36,800	-300	200
RAILROAD	4,200	4,200	4,300	0	-100
TRUCKING & WAREHOUSING	21,400	21,900	21,300	-500	100
OTHER TRANSPORTATION	11,400	11,200	11,200	200	200
COMMUNICATIONS	12,600	12,600	12,700	0	-100
UTILITIES	8,300	8,600	8,500	-300	-200
TRADE	284,400	285,400	273,700	-1,000	10,700
WHOLESALE TRADE	71,100	71,000	69,200	100	1,900
DURABLE GOODS	41,400	41,600	40,000	-200	1,400
NONDURABLE GOODS	29,700	29,400	29,200	300	500
RETAIL TRADE	213,300	214,400	204,500	-1,100	8,800
GENERAL MERCHANDISE	27,500	26,900	26,600	600	900
FOOD STORES	35,800	35,900	32,800	-100	3,000
AUTO DEALERS & SERVICE STATIONS	25,900	26,000	25,400	-100	500
OTHER RETAIL TRADE	124,100	125,600	119,700	-1,500	4,400
FINANCE, INSURANCE, & REAL ESTATE	73,200	73,500	70,600	-300	2,600
BANKING & CREDIT AGENCIES	23,800	23,800	23,700	0	100
OTHER FINANCE, INSURANCE, & REAL ESTATE	49,400	49,700	46,900	-300	2,500
SERVICES	250,200	247,700	236,200	2,500	14,000
HOTELS & PERSONAL SERVICES	27,300	27,900	25,700	-600	1,600
HEALTH SERVICES	76,400	75,900	73,700	500	2,700
OTHER SERVICES	146,500	143,900	136,800	2,600	9,700
GOVERNMENT	209,300	197,700	204,800	11,600	4,500
FEDERAL GOVERNMENT	30,100	30,900	28,700	-800	1,400
STATE GOVERNMENT	59,100	54,800	55,900	4,300	3,200
EDUCATION	24,800	19,100	24,500	5,700	300
OTHER STATE	34,300	35,700	31,400	-1,400	2,900
LOCAL GOVERNMENT	120,100	112,000	120,200	8,100	-100
EDUCATION	76,600	67,200	77,300	9,400	-700
OTHER LOCAL	43,500	44,800	42,900	-1,300	600
LABOR - MANAGEMENT DISPUTES	0	100	100	-100	-100

1/ Preliminary
2/ Revised
3/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. Note: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes as amended by the 1977 supplement.
4/ Total nonagricultural wage and salary employment, seasonally adjusted, and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's Annual Average Employment (774,300) and that of 1977 (936,900).
5/ The Diffusion Index is the percentage of a selected group of 43 industries showing an increase in seasonally adjusted employment. Half of those industries showing no significant change (less than 1/2 of 1%) are counted as increasing.

EMPLOYERS' CORNER - MOVING AHEAD

Dorothy Monnier

We want to share with you the New JOBS Program that is being implemented by the Adult and Family Services Division of the Department of Human Resources. J.D. Hoye, Director of the Oregon Consortium and a coordinator of the New JOBS Program, has prepared the following:

What is a Voluntary Welfare Work Program?

Federal welfare regulations require that anyone whose dependent children are three years old or older, and who does not meet disability or age exemptions, must be actively seeking employment to be eligible for welfare assistance. Adult and Family Services (AFS), Oregon's welfare department, operates the JOBS Program to help more than 1,000 "mandatory" clients find work each month.

However, like many other states, Oregon has recently begun to look beyond mandatory welfare work programs for "volunteers" - welfare recipients who are exempt from job search requirements, but who could benefit by job training. Last year, a Task Force of AFS, education, labor and employment professionals developed a proposal for a New JOBS Program - one that would help both mandatory and volunteer clients develop long-term employment and self-sufficiency skills. The legislature passed that proposal and gave the New JOBS Program $4 million to begin pilot programming.

How will the New JOBS Program differ from the original?

The New JOBS Program has the same goal as the original: to help AFS clients become self-sufficient through employment. But the New JOBS Program improves on that goal by building long-term skills that will lead clients to more appropriate, rewarding jobs and keep them from returning to public assistance.

A change in basic philosophy is the basis of the New JOBS Program. In the original program, it was felt that any job was preferable to welfare, regardless of whether the clients failed in these jobs: about 46 percent returned to the welfare rolls. The philosophy of the New JOBS Program is that clients should be linked to jobs on the basis of skills, interests, needs and the local economy.

JSEC SEMINARS FOR EMPLOYERS

Local Job Service Employer Committees have scheduled the following seminars for employers during December:

Topic:	**UNEMPLOYMENT INSURANCE**
Location:	Alladin Motor Inn (Conference Room) 536 S.W. Elizabeth Newport, OR 97365
Time:	December 8, 1987 8:00 A.M. to 3:30 P.M.
Topic:	**THE HIRING PROCESS/PERFORMANCE APPRAISALS**
Location:	Nyberg Inn, Tualatin Exit off I-5
Time:	December 8, 1987 8:00 A.M. to 3:30 P.M.
Topic:	**MOTIVATING AND EVALUATING EMPLOYEES FOR BETTER RESULTS**
Location:	Central Oregon Community College Ponderosa Hall, Room 204 Bend, Oregon
Time:	December 9, 1987 9:30 A.M. to 1:20 P.M.

How many volunteers will be served, and what will be the cost?

Current participation in the JOBS Program is between 50 and 200 volunteer clients per year. The goal of the New JOBS Program is to enroll 2,000 volunteers in the program in the first year.

Initially, the New JOBS Program will cost more than the original, because of a larger clientele. But over a five-year period, because of a decreasing AFS caseload, there will be a new decrease in costs, with a projected savings of $2 million by Fiscal Year 1991/1992. These figures do not reflect the savings that will arise through shared services with other agencies and the contribution of the "new" group of Oregon taxpayers.

What will the New JOBS Program mean to clients?

The new program offers clients a full range of confidence and skills-building services to prepare them for more productive, self-sufficient lives. These services include:

orientation, for all clients who contact AFS, to familiarize them with the organization and encourage them to use the New JOBS Program.

appraisal and extended assessement, including in-depth testing and counseling to evaluate each client's knowledge, skills and abilities.

basic education, reading, writing and math instruction for clients who test at a seventh grade or lower level.

job search/job referral, instruction on developing good work habits, preparing for and seeking a job.

training, including Vocational Training and Work Site Training (both paid and unpaid).

support services, payment for items or services needed to seek, accept and maintain employment. The most common are child care and transportation.

Who will provide these services?

Statewide, each of these components will be provided by the local organization or agency best qualified. The provider will differ from area to area and may even vary within the local area from time to time. Cooperative agreements and contracts between service providers will be encouraged. The goal is to use available resources within the local community to best serve the client.

How was the New JOBS Program developed?

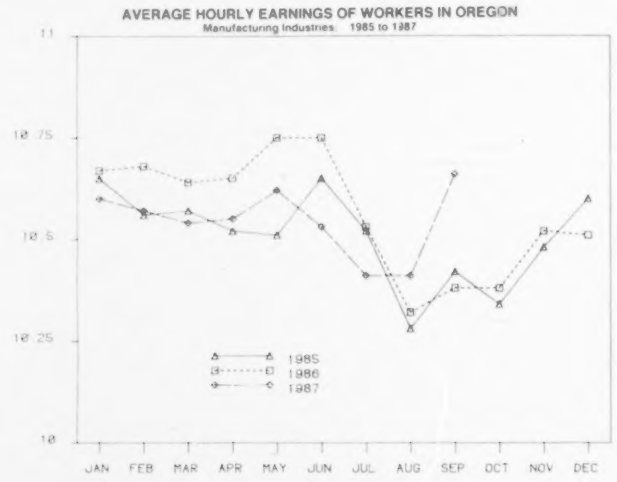
During the 1985 legislative session, House Bill 2448 was passed, directing AFS to study methods used by other states to increase the voluntary usage of welfare work programs. A Task Force was convened, including representatives of AFS, the Employment Division, Job Training Partnership Act programs, Community Colleges, the labor community and Legal Aid. After studying many other state programs, surveying AFS clients and sharing their own experiences and expectations, the Task Force members designed the New JOBS Program. □

HOURS & EARNINGS

Jeff Hannum

Average hourly earnings of Oregon's manufacturing production workers jumped by 25 cents to $10.66 between August and September. This level represented not only a 2.7% increase from one year ago, but it was also the highest hourly earnings average in manufacturing since June 1986. This was just prior to last year's labor contract negotiations and strikes in the lumber and wood products industry which eventually led to sizeable wage cuts in this key sector.

Average hourly earnings increases, both over the month and from one year ago, were evident in almost every industry. Workers in the furniture, primary metals and paper industries enjoyed some of the largest gains over the past year due to strong product demand, hourly wage increases and/or increased overtime hours worked.



AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS[1]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	SEPT.[2] 1987	AUG.[3] 1987	SEPT. 1986	SEPT.[2] 1987	AUG.[3] 1987	SEPT. 1986	SEPT.[2] 1987	SUG.[3] 1987	SEPT. 1986
TOTAL MANUFACTURING[4]	$408.28	$412.24	$403.78	38.3	39.6	38.9	$10.66	$10.41	$10.38
Durable Goods	414.72	427.84	420.16	38.4	40.4	39.6	10.80	10.59	10.61
Lumber & Wood Products	410.18	433.90	423.34	37.7	40.4	39.9	10.88	10.74	10.61
Logging & Sawmills	413.93	457.65	448.80	35.5	39.9	40.0	11.66	11.47	11.22
Veneer & Plywood	429.27	433.06	418.08	41.0	41.6	40.2	10.47	10.41	10.40
Millwork & Structural	374.92	372.50	361.89	39.3	40.8	39.9	9.54	9.13	9.07
Mobile Homes	360.79	317.11	308.78	33.2	36.2	34.5	9.06	8.76	8.95
Other Wood Products	426.66	421.85	404.14	40.1	40.1	38.6	10.64	10.52	10.47
Furniture & Fixtures	322.85	319.08	326.19	35.4	36.3	39.3	9.12	8.79	9.30
Primary Metals	538.06	505.68	486.81	42.3	42.0	40.5	12.72	12.04	12.02
Fabricated Metals	377.69	393.09	383.36	38.5	40.4	40.1	9.81	9.73	9.56
Machinery (Ex Electrical)	434.27	448.92	432.23	39.3	40.7	38.8	11.05	11.03	11.14
Nondurable Goods	392.81	374.50	364.93	38.1	37.6	37.2	10.31	9.96	9.81
Food & Kindred Products	307.38	286.77	283.97	36.9	36.3	35.9	8.33	7.90	7.91
Canning & Preserving	267.91	238.28	238.70	36.6	35.3	35.0	7.32	6.75	6.82
Other Food Products	407.96	411.28	405.30	37.6	38.8	38.2	10.85	10.60	10.61
Textile Mill Products	217.70	217.33	232.05	33.7	33.8	35.7	6.46	6.43	6.50
Apparel	218.16	223.94	213.49	36.0	37.2	37.0	6.06	6.02	5.77
Paper & Allied Products	677.45	631.40	629.24	42.5	40.5	41.1	15.94	15.59	15.31
Printing & Publishing	461.16	456.92	440.59	37.8	37.7	36.9	12.20	12.12	11.94
Construction[4]	464.77	495.56	514.62	34.3	36.6	37.4	13.55	13.54	13.76
Communications & Utilities[5]	527.77	521.30	517.06	41.2	40.6	41.2	12.81	12.84	12.55
Trade[5]	301.71	302.93	293.78	34.6	34.9	34.4	8.72	8.68	8.54
Wholesale Trade	400.82	410.22	394.13	37.6	37.6	37.5	10.66	10.91	10.51
Retail Trade	253.55	250.58	244.36	33.1	33.5	32.8	7.66	7.48	7.45
Banking & Insurance[5]	315.33	326.94	300.10						
State & Local Government	384.58	390.50	373.71						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.
2/ Preliminary
3/ Revised
4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.
5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

Production workers in the pulp and paper industry earned the highest hourly pay ($15.94) in September, due in part to heavy overtime, while those in Oregon's apparel industry had the lowest hourly average ($6.06). Some of the factors which help to explain such differences in average hourly earnings between industries include the following:

- numbers of full-time versus part-time, and year round versus seasonal employees
- amount of overtime worked
- differences in job tenure among workers (stable or declining industries tend to have a higher proportion of long tenure employees than do expanding industries which are adding new workers at entry level wages)
- occupational differences between industries
- productivity/capital investment per worker
- union or employee association representation
- economic health of each industry, including the amount of competition from other products or producers, both foreign and domestic
- difference in compensation systems (e.g. incentive pay versus pay by the hour, and proportion of total compensation paid in the form of fringe benefits).

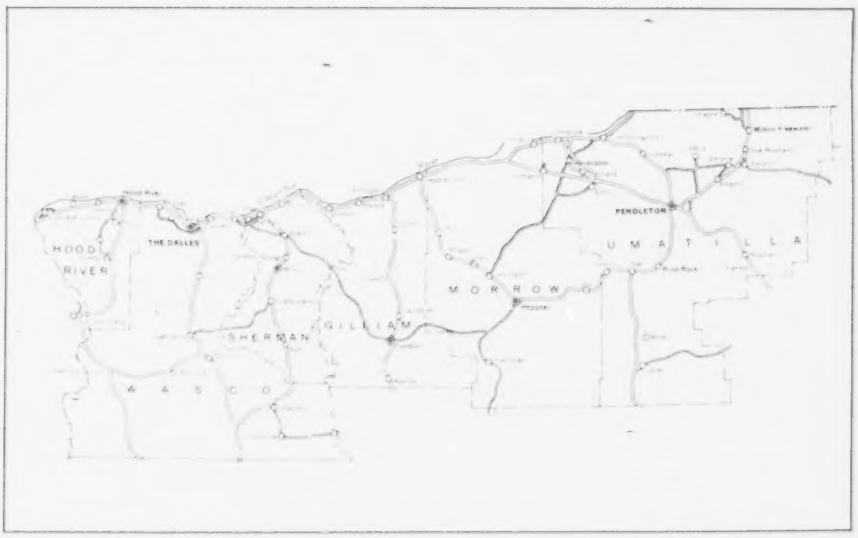
Despite the gain in average hourly earnings in September the actual buying power (i.e. weekly earnings) of many manufacturing production workers weakened due to a shorter work week in many industries. Workers in the logging industry suffered the sharpest decline in weekly earnings (-$109.93) as forest fires and cutting restrictions kept many loggers either off the job (logging employment dropped 1,200 to its lowest level on record for this time of year) or on reduced work schedules (the average work week plunged by over nine hours to 28.9). Once these forest fire-related restrictions are lifted, however, logging activity is likely to soar as mills rush to build their depleted log decks for the winter. □

COLUMBIA CORRIDOR COMMUNITIES ARE GEARED FOR GROWTH

Richard Kuczek

(Editor's note: Mr. Kuczek is the Employment Division's regional economist for the Mid-Columbia and East-Central Oregon Regions and is based in Pendleton).

With the State's economy finally beginning to pull out of the doldrums, Governor Goldschmidt's "Oregon Comeback" initiative has focused attention not only on what we need to do to bring our State's economy back to its previous robustness, but also on Oregon's inherent potential for growth, diversification, and expansion which fueled the State's rapid growth in recent decades. Communities have been looking at what they have to offer and how best to market their advantages to encourage economic development. A major portion of the State's potential for industrial development resides in the communities along the Columbia River corridor. These towns (Hood River, The Dalles, Boardman, Hermiston, and Pendleton) offer many advantages for firms interested in locating or relocating manufacturing and distribution facilities, and promise to be among the State's leaders in development and growth over the coming decades.



One of the primary advantages the corridor communities have is excellent access to major transportation arterials.

The Columbia corridor communities offer potential investors a number of reasons for choosing them as the location for new facilities. One of the primary advantages the corridor communities have is excellent access to major transportation arterials. The river itself is a major transportation corridor, and already sees heavy traffic for shipments of agricultural products. An important point for industry is that several of the Columbia River ports are already equipped to handle containerized cargo. Besides the river, the corridor is the route for I-84, the major east-west freeway link for the Pacific Northwest, and also for Union Pacific's mainline, linking the Pacific Northwest with points east. UP also originates its main north-south rail link, from the Northwest to California, in The Dalles area; so rail access to the lucrative California market is excellent. Another advantage for firms which ship by rail is the location of Union Pacific's main switching yard for the Pacific Northwest at Hinkle, in northern Umatilla County. Hinkle is the largest railroad facility in the Northwest.

Access to air transport is also excellent. The towns of Hood River and The Dalles are only about an hour's drive from the Portland International Airport, a transit time comparable to that from many developing Washington County locations. Pendleton has its own commuter airport, and Hermiston is conveniently located 25 miles northwest of Pendleton and 30 miles south of the Tri-Cities area in Washington, which has a major regional airport facility.

With excellent rail, freeway, water, and air linkages, the corridor communities clearly offer superior transportation/shipping access for industry. For the Hermiston/Pendleton area, the advantage inherent in such excellent transportation access is enhanced by the geographic location of these communities. Umatilla County is in the center of the Pacific Northwest, and roughly four hours drive from Portland, Spokane, and Boise, and only one or two hours further away from Seattle and the Willamette Valley urban areas. This makes northern Umatilla County ideal as a distribution center for firms serving a regional market.

Other advantages include a good and readily available supply of low cost water and plentiful low cost electric power. Ready-to-go industrial sites are found in all the corridor communities, and land costs are among the most reasonable in the State. An added, bottom line, advantage is that local tax rates in these towns tend to be significantly lower than those in the State's metropolitan areas. One advantage often overlooked, is that these communities actually draw on a larger labor force base (and market area) than they are normally credited with. Hood River and The Dalles are only about 20 miles apart, by freeway, and commuting between the two cities is quick and easy. Pendleton and Hermiston are separated by only a few miles more. Thus, each of these communities can draw on the labor force of another, if expansion dictates the need and opportunity. Hermiston is especially fortunate in this regard. Hermiston is located about halfway between Pendleton and the Tri-Cities in Washington,roughly 25 miles from each. This puts a population of over 150,000 persons within a 30 minute commute of the Hermiston area.

With such advantages, it shouldn't surprise anyone to find that these towns along the Columbia already have a solid industrial base to their economies. Besides Oregon's traditional timber and food processing industries, manufacturing facilities in the Columbia corridor also include aluminum smelting, electrical equipment, boat building, a distillery, sporting goods, apparel & textiles, plastic pipe, industrial machinery, mobile homes & recreational vehicles, steel tanks, insulation board, asphalt, and others. In September 1987, manufacturing employment accounted for 15.9% of all jobs and 21.6% of all nonfarm wage & salary employment in the five counties of Hood River, Wasco, Sherman, Morrow, and Umatilla. For comparison, percentages for the State and the metro areas (Sept. 1987) are: Oregon 16.3% and 19.0%, Portland 16.3% and 17.1%, Salem 14.3% and 17.7%, Eugene 15.9% and 19.3%, and Medford 13.5% and 17.5%. As these figures show, the manufacturing sector is already developed in these communities to a level comparable to that of the State's metro areas.

A final attraction of these towns is their livability. The Columbia Gorge is certainly one of the most beautiful areas in the world, and the Gorge and the Cascades have been developed as destination resort areas. Year round recreational opportunities abound. All of these counties offer excellent hunting and fishing; and Umatilla County boasts a very fine, if small, ski area at Spout Springs, while Hood River and Wasco Counties have major ski areas and wind surfing. When these attractions are combined with low crime rates, smaller, more personalized, communities, and a more relaxed life style than is found in urban areas, the livability of these towns must be added as a major attraction to industry.

. . . these communities will see major industrial development in the coming decades.

With an existing industrial base to build upon, transportation access as good as any area in the Northwest, low development costs, livable communities, and ready-to-go industrial sites available, these communities will see major industrial development in the coming decades. For the towns in the Columbia corridor this will mean increased economic stability and expansion, and for the State, greater diversification and expansion of its economic base. The attractiveness of these communities as manufacturing and distribution centers has the potential to make industrial development in the corridor a major factor in fulfilling the goals of the Oregon Comeback initiative, benefitting the local communities, the State, and the industries which locate in these towns. □

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